



# UNITED STATES PATENT AND TRADEMARK OFFICE

UNITED STATES DEPARTMENT OF COMMERCE

United States Patent and Trademark Office

Address: COMMISSIONER FOR PATENTS

P.O. Box 1450

Alexandria, Virginia 22313-1450

www.uspto.gov

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/617,472	07/11/2003	David J. Mester	01-I-129	3461
10534 7590 09/08/2008 BLISS MCGLYNN, P.C. 2075 WEST BIG BEAVER ROAD SUITE 600 TROY, MI 48084				
EXAMINER				
GILLIGAN, CHRISTOPHER L				
ART UNIT		PAPER NUMBER		
3626				
MAIL DATE		DELIVERY MODE		
09/08/2008		PAPER		

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

1 UNITED STATES PATENT AND TRADEMARK OFFICE

2  
3  
4 BEFORE THE BOARD OF PATENT APPEALS  
5 AND INTERFERENCES  
6

7  
8 *Ex parte* DAVID J. MESTER  
9

10  
11 Appeal 2007-4507  
12 Application 10/617,472  
13 Technology Center 3600  
14

15  
16 Decided: September 8, 2008  
17

18  
19 Before HUBERT C. LORIN, ANTON W. FETTING, and JOSEPH  
20 A. FISCHETTI, *Administrative Patent Judges*.

21  
22 FETTING, *Administrative Patent Judge*.  
23

24  
25 DECISION ON APPEAL  
26

27  
28 STATEMENT OF THE CASE  
29

30 David J. Mester (Appellant) seeks review under 35 U.S.C. § 134 of a  
31 final rejection of claims 1-20, the only claims pending in the application on  
appeal.

We have jurisdiction over the appeal pursuant to 35 U.S.C. § 6(b) (2002).

We AFFIRM.

The Appellant invented a way of processing customer claims seeking repair or replacement after the expiration of a manufacturer's warranty period or claims seeking recovery of ancillary costs incurred during the warranty period against manufactured products. (Specification:¶ 0002).

An understanding of the invention can be derived from a reading of exemplary claim 1, which is reproduced below [bracketed matter and some paragraphing added].

1. A method of processing a customer claim against a manufacturer's product, said method includes the steps of:

[1] inputting the claim

through a computer

to a database

at a first management level;

[2] determining the monetary value of the claim;

[3] approving or denying the claim at the first management level

when the monetary value of the claim is below a first predetermined level;

[4] a second management level

acting to review

all claims input at the first management level and

acting to approve or deny the claim

when the monetary value of the claim is

above the first predetermined level and

below a second predetermined level;

[5] and a third management level

acting to review

all claims input at the first and second management

levels and

acting to approve or deny the claim  
when the monetary value of the claim is above the  
second predetermined level.

This appeal arises from the Examiner's final Rejection, mailed  
January 26, 2006. The Appellant filed an Appeal Brief in support of the  
appeal on June 5, 2006. An Examiner's Answer to the Appeal Brief was  
mailed on August 28, 2006.

#### PRIOR ART

The Examiner relies upon the following prior art:

Barr	US 5,182,705	Jan. 26, 1993
Luedtke	US 2003/0018497 A1	Jan. 23, 2003
Hicks	US 2004/0111379 A1	Jun. 10, 2004

#### REJECTIONS

Claims 1-13, 15, 16, and 18-20 stand rejected under 35 U.S.C. §  
103(a) as unpatentable over Hicks and Barr.

Claims 14 and 17 stand rejected under 35 U.S.C. § 103(a) as  
unpatentable over Hicks, Barr, and Luedtke.

#### ISSUES

The issues pertinent to this appeal are

- Whether the Appellant has sustained its burden of showing that the Examiner erred in rejecting claims 1-13, 15, 16, and 18-20 under 35 U.S.C. § 103(a) as unpatentable over Hicks and Barr.
- Whether the Appellant has sustained its burden of showing that the Examiner erred in rejecting claims 14 and 17 under 35 U.S.C. § 103(a) as unpatentable over Hicks, Barr, and Luedtke.

1           The pertinent issue turns on whether Barr and Hicks describe or  
2     suggest hierarchical processing of customer claims.

3  
4                               FACTS PERTINENT TO THE ISSUES

5           The following enumerated Findings of Fact (FF) are believed to be  
6     supported by a preponderance of the evidence.

7           *Hicks*

- 8           01. Hicks is directed to a highly secure system for identifying  
9           parties over electronic networks. Member institutions create an  
10          entity, referred to as the root entity, to establish a global,  
11          interoperable network of financial institutions which operate as  
12          certification authorities. As such, each participating financial  
13          institution (each, a "participant") issues digital certificates to  
14          customers and corporations and their employees, based on a set of  
15          uniform system rules and business practices (Hicks ¶ 0003).
- 16          02. One of the principle functions of the Hicks system is to provide  
17          warranties and assurances to participants in the network to limit  
18          exposure as a result of warranty issuance. Warranty in the system  
19          is defined as a warranty of certificate content and validity of  
20          certificate at time of issuance. To ensure the viability of these  
21          warranties, the system design imposes aggregate limits on the  
22          exposure that any issuing participant may incur through explicit  
23          warranties granted with respect to identity certificates issued by  
24          that institution (Hicks ¶ 0041).

03. Hicks relies on a trusted hierarchy for validating certificates.

An issuing participant is the primary obligor on warranties, while a relying participant acts as an agent (Hicks ¶ 0105).

04. In Hicks, if an issuing participant agrees to issue a warranty, then the issuing participant updates its total outstanding issuance against its cap to reflect the new activity. At the end of the day, or as required, issuing participant exports current status of its warranty cap to root entity's Warranty Cap and Collateral Manager (WCCM) which reflects all warranty certificates issuing participant issued that day (Hicks ¶ 0129).

05. If a customer files a claim within the warranty time limit with a relying participant, then the relying participant notifies the corresponding issuing participant of a filed claim (Hicks ¶ 0147).

06. The relying participant notifies the both root entity, and issuing participant's WCCM of the filed claim and the amount of claim. The issuing participant determines whether it will pay. A root entity sets conditions under which claims against warranties shall be paid. The intent is to make sure there is a gold standard for business. Each warranty issuer is provided the latitude to evaluate and dispose of claims using its own procedures. However, minimum standard criteria are established under which claims would be paid (Hicks ¶ 0148).

07. If an issuing participant decides to pay the warranty claim, then the issuing participant informs relying participant of its decision (Hicks ¶ 0152).

*Barr*

1           08. Barr is directed to substantially automating work management.

2           To illustrate Barr's capabilities, Barr relies on the example of  
3           processing of claims. Barr explicitly contemplates the application  
4           of its system to other work environments (Barr 3:5-11).

5           09. Barr uses a Staff Table to provide, online, a record for each  
6           member of the claim staff. Each record includes the current title,  
7           diary limit, authority level and supervisor of the staff member as  
8           well as the maximum case load of that member. The Staff Table  
9           function is integrated with virtually every other system function.  
10          The authority level, diary limit, and caseload limits of each staff  
11          member are set by supervisors with appropriate authority and  
12          entered into the Staff Tables. These records can be modified,  
13          deleted or added as necessary (Barr 7:3-16).

14          10. When a payment transaction is processed, the system is advised  
15          to accept the transaction and to proceed with the necessary steps to  
16          print the check. If a claim handler's authority is exceeded by the  
17          amount of the payment, it is necessary for a supervisor to review  
18          the payment transaction before it is processed. Thus, the routing  
19          of the unprocessed payment transaction to a supervisor insures  
20          that the necessary authority will be secured prior to the printing of  
21          the check. If a handler attempts to process a check for more than  
22          his authorized amount, an alert message is generated and the  
23          transaction is automatically routed to a supervisor (Barr 52:45-58).

24          *Luedtke*

25          11. Luedtke is directed to administering automatic type reinsurance  
26          contracts (Luedtke ¶ 0001).





1 Limitations appearing in the specification but not recited in the claim  
2 are not read into the claim. *E-Pass Techs., Inc. v. 3Com Corp.*, 343 F.3d  
3 1364, 1369 (Fed. Cir. 2003) (claims must be interpreted “in view of the  
4 specification” without importing limitations from the specification into the  
5 claims unnecessarily).

6 Although a patent applicant is entitled to be his or her own  
7 lexicographer of patent claim terms, in *ex parte* prosecution it must be  
8 within limits. *In re Corr*, 347 F.2d 578, 580 (CCPA 1965). The applicant  
9 must do so by placing such definitions in the Specification with sufficient  
10 clarity to provide a person of ordinary skill in the art with clear and precise  
11 notice of the meaning that is to be construed. *See also In re Paulsen*, 30  
12 F.3d 1475, 1480 (Fed. Cir. 1994) (although an inventor is free to define the  
13 specific terms used to describe the invention, this must be done with  
14 reasonable clarity, deliberateness, and precision; where an inventor chooses  
15 to give terms uncommon meanings, the inventor must set out any  
16 uncommon definition in some manner within the patent disclosure so as to  
17 give one of ordinary skill in the art notice of the change).

18 *Claim Preamble*

19 “[A] claim preamble has the import that the claim as a whole suggests  
20 for it.” *Bell Communications Research, Inc. v. Vitalink Communications*  
21 *Corp.*, 55 F.3d 615, 620 (Fed. Cir. 1995). If the claim preamble, when read  
22 in the context of the entire claim, recites limitations of the claim, or, if the  
23 claim preamble is “necessary to give life, meaning[,] and vitality” to the  
24 claim, then the claim preamble should be construed as if in the balance of  
25 the claim. *Kropa v. Robie*, 187 F.2d 150, 152 (CCPA 1951).

1 If, however, the body of the claim fully and  
2 intrinsically sets forth the complete invention,  
3 including all of its limitations, and the preamble  
4 offers no distinct definition of any of the claimed  
5 invention's limitations, but rather merely states,  
6 for example, the purpose or intended use of the  
7 invention, then the preamble is of no significance  
8 to claim construction because it cannot be said to  
9 constitute or explain a claim limitation.

10  
11 *Pitney Bowes, Inc. v. Hewlett-Packard Co.*, 182 F.3d 1298, 1305 (Fed. Cir.  
12 1999).

13 *Obviousness*

14 A claimed invention is unpatentable if the differences between it and  
15 the prior art are “such that the subject matter as a whole would have been  
16 obvious at the time the invention was made to a person having ordinary skill  
17 in the art.” 35 U.S.C. § 103(a) (2000); *KSR Int’l v. Teleflex Inc.*, 127 S.Ct.  
18 1727, 1729-30 (2007); *Graham v. John Deere Co.*, 383 U.S. 1, 13-14  
19 (1966).

20 In *Graham*, the Court held that the obviousness analysis is bottomed  
21 on several basic factual inquiries: “[1] the scope and content of the prior art  
22 are to be determined; [(2)] differences between the prior art and the claims at  
23 issue are to be ascertained; and [(3)] the level of ordinary skill in the  
24 pertinent art resolved.” 383 U.S. at 17. *See also KSR Int’l v. Teleflex Inc.*,  
25 127 S.Ct. at 1734. “The combination of familiar elements according to  
26 known methods is likely to be obvious when it does no more than yield  
27 predictable results.” *KSR*, at 1739.

28 “When a work is available in one field of endeavor, design incentives  
29 and other market forces can prompt variations of it, either in the same field

1 or a different one. If a person of ordinary skill can implement a predictable  
2 variation, § 103 likely bars its patentability.” *Id.* at 1740.

3 “For the same reason, if a technique has been used to improve one  
4 device, and a person of ordinary skill in the art would recognize that it would  
5 improve similar devices in the same way, using the technique is obvious  
6 unless its actual application is beyond his or her skill.” *Id.*

7 “Under the correct analysis, any need or problem known in the field  
8 of endeavor at the time of invention and addressed by the patent can provide  
9 a reason for combining the elements in the manner claimed.” *Id.* at 1742.

10 *Automation of a Known Process*

11 It is generally obvious to automate a known manual procedure or  
12 mechanical device. Our reviewing court stated in *Leapfrog Enterprises Inc.*  
13 *v. Fisher-Price Inc.*, 485 F.3d 1157 (Fed. Cir. 2007) that one of ordinary  
14 skill in the art would have found it obvious to combine an old  
15 electromechanical device with electronic circuitry

16 to update it using modern electronic components in  
17 order to gain the commonly understood benefits of  
18 such adaptation, such as decreased size,  
19 increased reliability, simplified operation, and  
20 reduced cost. . . . The combination is thus the  
21 adaptation of an old idea or invention  
22 . . . using newer technology that is commonly  
23 available and understood in the art.

24 *Id.* at 1163.

25 *Obviousness and Nonfunctional Descriptive Material*

26 Nonfunctional descriptive material cannot render nonobvious an  
27 invention that would have otherwise been obvious. *In re Ngai*, 367 F.3d  
28 1336, 1339 (Fed. Cir. 2004). *Cf. In re Gulack*, 703 F.2d 1381, 1385 (Fed.  
29 Cir. 1983) (when descriptive material is not functionally related to the

substrate, the descriptive material will not distinguish the invention from the prior art in terms of patentability).

### ANALYSIS

*Claims 1-13, 15, 16, and 18-20 rejected under 35 U.S.C. § 103(a) as unpatentable over Hicks and Barr.*

#### *Claim 1*

The Examiner found that Hicks described steps [1] and [2] of claim 1, and the approving or denying part of step [3] and that Barr described the tiered approval level portion of step [3] and step [4] and that Barr's tiered approval levels suggested step [5] of claim 1. The Examiner found that Barr suggested applying such tiered levels to Hicks for the purpose of more detailed processing according to levels of authority, and concluded that it was obvious to apply Barr to Hicks to produce the steps of claim 1 (Answer 3-4).

The Appellant contends that Hicks does not concern itself with claims against a manufacturer's product, access a monetary value of a claim or process it through a predetermined series of management levels (Br. 13:Top ¶). The Appellant further argues that neither reference describe these, and also do not describe the second and third levels in claim 1 (Br. 15:Last full ¶). The Appellant also argues that the references do not suggest the claim as a whole, but require one to pick and choose based on hindsight (Br. 19:Second full ¶) and that Barr's processing is not necessarily hierarchical, but even if it was, combining Barr with Hicks would not result in a logical and usable system (Br. 20:Bottom ¶ - 21:Top ¶).

We disagree with the Appellant's contentions. Hicks produces digital certificates and provides warranties for their validity (FF 02). Such digital

certificates are within the scope of the broad term “manufacturer’s product” in claim 1, since the certificates are produced. Hicks enters claims via the relying participant to the issuing participant, which may be designated as a first level (FF 05 & 06). This entry includes the amount of the claim (FF 06). Thus, Hicks’ issuing participant accesses the monetary value of a claim when processing. Hicks explicitly relies upon hierarchical processing for validating certificates (FF 04), so Hicks does at least describe the use of hierarchical techniques in business processing.

Barr is directed to substantially automating work management and uses the processing of claims as an example (FF 08). Barr relies upon authority levels for different staff members to apportion work. Barr also uses a supervisory hierarchy to manage work. This hierarchy and authority level scheme are stored in a staff table (FF 09). Claims beneath a staff member’s authority level are processed by that staff member, but claims above that level are reviewed by the staff member’s supervisor (FF 10). Although Barr does not explicitly describe more than one level of supervision, common sense and common accounting practice of internal control suggests that where such different levels of authorization exist, the authorization required escalates with significant escalation in amount. For example, a claim of an order of magnitude comparable to a sizable portion of an organization’s net worth would likely require senior management level approval, and would certainly be beyond a first level supervisor’s authority level. Thus, Barr’s first level of supervisory approval suggests the internal control of matching signatory levels with authority levels and therefore suggests additional signatory levels above a first level.



1 claimed invention's limitations, but rather merely state, for example, the  
2 purpose or intended use of the invention. The preambles are thus of no  
3 significance to claim construction because they cannot be said to constitute  
4 or explain a claim limitation. *Pitney Bowes, Inc. v. Hewlett-Packard Co.*,  
5 182 F.3d 1298, 1305 (Fed. Cir. 1999). The Appellant's argument that the  
6 bodies of the claim use the word "claim" is misplaced, because the steps in  
7 the body are fully set forth irrespective of what the claim may be for. The  
8 nature of the claim has no functional effect upon the steps.

9 Now to the fourth level claimed. We find the step performed by this  
10 level is essentially an accounting services function, which, like the use of  
11 authorization levels, is merely proper exercise of accounting internal  
12 controls, in this case, having independent verification of accounting  
13 transactions. As the Examiner found, Hicks describes having such  
14 independent verification by a Warranty Cap and Collateral Manager  
15 (WCCM) (FF 04 & 06). Although the WCCM does not inform the customer  
16 of claim denials, basic internal control practice of relying on a disinterested  
17 party to communicate adverse decisions to a customer would have made this  
18 a predictable part of the accounting services level. "The combination of  
19 familiar elements according to known methods is likely to be obvious when  
20 it does no more than yield predictable results." *KSR*, 127 S.Ct. at 1739.

21 *Claims 2-13, 15, 16, and 18*

22 The Appellant relied upon its arguments in support of the independent  
23 claims for support of the patentability of the dependent claims, and we  
24 therefore find the Appellant has not overcome its burden as to the dependent  
25 claims for the same reasons.

1           The Appellant has not sustained its burden of showing that the  
2 Examiner erred in rejecting claims 1-13, 15, 16, and 18-20 under 35 U.S.C.  
3 § 103(a) as unpatentable over Hicks and Barr.

4       *Claims 14 and 17 rejected under 35 U.S.C. § 103(a) as unpatentable over*  
5                               *Hicks, Barr, and Luedtke.*

6           The Appellant relied upon its arguments in support of the independent  
7 claims for support of the patentability of the dependent claims, and we  
8 therefore find the Appellant has not overcome its burden as to those  
9 arguments for the same reasons. The Appellant also argued that Luedtke is  
10 entirely distinct from the other references (Br. 16:Last full ¶). On its face,  
11 this argument is no more than that Luedtke is a distinct reference. Since this  
12 rejection is over a combination of references, such an argument has little  
13 probative value. To the extent the Appellant is arguing that Luedtke is  
14 distinct as non-analogous, we find that Luedtke is directed to insurance (FF  
15 11). Insurance is the assumption of risk (FF 12). Since both Hicks and Barr  
16 discuss such assumption of risk, Luedtke is at least in a similar field of  
17 endeavor in designing systems to assist in the business of the assumption of  
18 risk.

19           The Appellant has not sustained its burden of showing that the  
20 Examiner erred in rejecting claims 14 and 17 under 35 U.S.C. § 103(a) as  
21 unpatentable over Hicks, Barr, and Luedtke.

22  
23                               CONCLUSIONS OF LAW

24           The Appellant has not sustained their burden of showing that the  
25 Examiner erred in rejecting claims 1-20 under 35 U.S.C. § 103(a) as  
26 unpatentable over the prior art.



On this record, the Appellant is not entitled to a patent containing claims 1-20.

DECISION

To summarize, our decision is as follows:

- The rejection of claims 1-13, 15, 16, and 18-20 under 35 U.S.C. § 103(a) as unpatentable over Hicks and Barr is sustained.
- The rejection of claims 14 and 17 under 35 U.S.C. § 103(a) as unpatentable over Hicks, Barr, and Luedtke is sustained.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a)(1)(iv) (2007).

AFFIRMED

hh

BLISS MCGLYNN, P.C.  
2075 WEST BIG BEAVER ROAD  
SUITE 600  
TROY, MI 48084